

TEESSIDE PENSION FUND COMMITTEE

A meeting of the Teesside Pension Fund Committee was held on 26 July 2018.

PRESENT: Councillors Bloundele, (Chair), Coupe, Lewis, McGloin, D Rooney, Rathmell (as substitute for Mohan), Rostron and Walters

ALSO IN ATTENDANCE: Unison Representative: T Watson
EY: S Kenny, D Jones

OFFICERS: P Campbell, S Lightwing, J Shiel

APOLOGIES FOR ABSENCE were submitted on behalf of Councillors Brady, Mohan, C Massey, (Hartlepool Borough Council), J Beall, (Stockton Borough Council), and Mr P Fleck.

DECLARATIONS OF INTERESTS

Name of Member	Type of Interest	Item/Nature of Interest
Councillor D Rooney	Non Pecuniary	Member of Teesside Pension Fund
Councillor Rostron	Non Pecuniary	Member of Teesside Pension Fund
Councillor Bloundele	Non Pecuniary	Agenda Item 5 - Daughter works for EY

1 **MINUTES - TEESSIDE PENSION FUND COMMITTEE - 27 JUNE 2018**

The minutes of the meeting of the Teesside Pension Fund Committee held on 27 June 2018 were taken as read and approved as a correct record.

2 **TEESSIDE PENSION FUND AUDIT RESULTS REPORT
DRAFT - YEAR ENDED 31 MARCH**

ORDERED that, in accordance with Council Procedure Rule No 5, the Committee agreed to vary the order of business as follows: Agenda Item 5, Agenda Item 4, Agenda Item 6.

The External Auditor presented the Teesside Pension Fund Audit results report. The Auditor confirmed that with the exception of the review of the Teesside Pension Fund Annual Report, all outstanding matters listed at page 5 of the submitted report had now been completed. Subject to completion of that item, the External Auditor confirmed that EY expected to issue an unqualified audit opinion on the financial statements before the statutory deadline of 31 July 2018.

The Auditor highlighted several key points from the report as follows:

The level of materiality had increased from £77.1m at the planning phase to £77.9m on receipt of the actual year-end figures. The threshold for reporting audit differences had remained at £1.5 million as agreed with the Panel on 28 June 2017.

The areas of audit focus included three significant risks:

Valuation of complex pooled investment vehicles.
Valuation of directly held properties.
Management override.

The Auditor confirmed that no issues had been identified during testing.

The Auditor's opinion on the financial statements was detailed at Section 3 of the submitted report and was a clean opinion.

A summary of adjusted differences was provided at Section 4 of the submitted report and the Auditor confirmed that there were now no uncorrected misstatements. The information presented in the Accounts represented a true and fair view.

Finally, a copy of the standard management representation letter requiring the signature of the Chair of Committee and the Section 151 Officer was included in the report for information.

ORDERED that the Teesside Pension Fund Audit results report for the Year ended 31 March 2018 was received and noted.

3

DRAFT ANNUAL REPORT AND ACCOUNTS 2017/2018

The Head of Financial Governance and Revenues presented the 2017/2018 Draft Annual Report and Accounts for the Teesside Pension Fund. The Annual Report and Accounts provided an opportunity for stakeholders to be updated on recent changes to the Fund's membership, income and expenditure and the change in the size of the Fund's investment assets.

The overall financial performance of the Fund for the year to 31 March 2018 was a small positive increase. The Fund's value remained at approximately £3.9 billion, a small increase over the year of approximately £37 million.

The membership of the Fund had increased, with total membership at the year-end now standing at 69,295, an increase of 466 over last year. The number of active members had increased by 382 (0%) over the year, and decreased by 1.85% over the past five years. The number of pensioners increased by 580 (2.6%) over the year, and increased by 9.3% over the past five years. The number of deferred members increased last year by 382 (1.7%), and increased by 4.3% over the past five years.

In the financial year the Fund received over £4.5 million from early retirement re-charges, down on last year's figure of £5.3 million, a 14.4% decrease on last year.

At the last actuarial valuation at 31 March 2016, the actuary declared a funding level of 100%. This allowed many of the employers in the Fund to decrease the amount of their contribution for the next three years. The next valuation would be carried out in March 2019. In response to a query, the Interim Head of Pensions Governance and Investment confirmed that he was happy with the performance of the Fund against the benchmark, since it continued to meet its key objective, which was to be 100% funded.

The Council adopted International Finance Reporting (IFRS) from 1 April 2010 and the Pension Fund accounts complied with the reporting standards.

The Head of Financial Governance and Revenues stated that it had been a challenging year for both Officers and Auditors having to produce the draft accounts a month earlier and the final accounts two months' earlier than previously, due to new Government regulations. Council Officers had demonstrated the Council's values of "integrity, passion and focussed on what matters" to complete the accounts.

Two minor queries were raised in relation to the meeting attendance and declarations of interest on page 15 of the submitted report and the Interim Head of Pensions of Governance undertook to make the required amendments.

The Vice Chair also acknowledged the work of Officers to ensure the Fund continue to achieve 100% funding, coupled with the challenges of the move to the Border to Coast Pension Partnership (BCPP). The Chair, on behalf of the Committee, endorsed the comments made in relation to Council Officers' hard work and dedication.

ORDERED that the Annual Report and Accounts 2017/2018 were adopted.

4 **EXCLUSION OF PRESS AND PUBLIC**

ORDERED that the press and public be excluded from the meeting for the following items on the grounds that, if present, there would be disclosure to them of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

5 **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED.**

Kier Contract

Officers provided information in relation to the Kier Contract.

NOTED